

BOSTON PUBLIC LIBRARY



3 9999 06317 315 5

R

No. 9382.8^a110

Pt. 2
Sect. 8-15



A Supplement is bound
at the end of Part 2 in
Copy 2

UNITED STATES TARIFF COMMISSION

THE FOREIGN TRADE OF LATIN AMERICA



In three Parts



PART II

COMMERCIAL POLICIES AND TRADE RELATIONS OF INDIVIDUAL LATIN AMERICAN COUNTRIES

SECTION 12. - EL SALVADOR

Washington
1941

THE AMERICAS



UNITED STATES TARIFF COMMISSION

THE FOREIGN TRADE OF LATIN AMERICA

A report on the Trade of Latin America
with Special Reference to Trade
with the United States

Under the General Provisions of Section 332
Part II, Title III, Tariff Act of 1930

In three Parts

PART II

COMMERCIAL POLICIES AND TRADE RELATIONS OF
INDIVIDUAL LATIN AMERICAN COUNTRIES

SECTION 12. - EL SALVADOR

Washington
1941

UNITED STATES TARIFF COMMISSION

RAYMOND B. STEVENS, *Chairman*

OSCAR B. RYDER, *Vice Chairman*

EDGAR B. BROSSARD

E. DANA DURAND

A. MANUEL FOX

FRED H. BROWN

SIDNEY MORGAN, *Secretary*



Address All Communications

United States Tariff Commission

Washington, D. C.

ACKNOWLEDGMENT

The Tariff Commission makes grateful acknowledgment of the assistance received in the preparation of this report from the Pan American Union, and the Department of Commerce, especially the Division of Regional Information, and the Division of Finance which prepared the tables on balance of payments.

In the preparation of this report the Commission had the services of Allyn C. Loosley, Philip Mullenbach, and Frank A. Waring, and others of the Commission's staff. The statistics were compiled by the Statistical Division of the Commission, and the commodity summaries in part III were prepared by the Commodity Divisions.

FOREWORD

This analysis of the commercial policies of El Salvador and its trade relations with the world and with the United States is one of a series making up part II of a report by the United States Tariff Commission on the foreign trade of Latin America. Part I deals with the trade of Latin America as a whole, part II with the trade of individual Latin American countries, and part III with Latin American export commodities. Part I contains a short description of the Latin American area, a consideration of the commercial policies of the Latin American countries, an examination of the total trade of Latin America with the world and with the United States, and an analysis of special problems in the foreign trade of Latin America, including those arising out of the present European war. Part II, consisting of 20 sections, is a survey of the commercial policy and the foreign trade of each of the 20 Latin American republics, with special emphasis on the trend, composition, and destination of exports, and the trend, composition, and source of imports. Each section also contains an analysis of the trade of the United States with the particular country. Part III deals individually with approximately 30 selected Latin American export commodities, for each of which there is a discussion of production, exports, trade barriers, prices, and competitive conditions, and the effects of the European war.

The countries covered in part II of this report are as follows:

Section 1. - Argentina

- do. 2. - Bolivia
- do. 3. - Brazil
- do. 4. - Chile
- do. 5. - Colombia
- do. 6. - Ecuador
- do. 7. - Paraguay
- do. 8. - Peru
- do. 9. - Uruguay
- do. 10. - Venezuela
- do. 11. - Costa Rica
- do. 12. - El Salvador
- do. 13. - Guatemala
- do. 14. - Honduras
- do. 15. - Nicaragua
- do. 16. - Panama
- do. 17. - Mexico
- do. 18. - Cuba
- do. 19. - Dominican Republic
- do. 20. - Haiti

CONTENTS

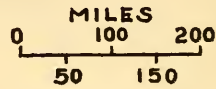
PART II

COMMERCIAL POLICIES AND TRADE RELATIONS OF INDIVIDUAL LATIN AMERICAN COUNTRIES

SECTION 12. - EL SALVADOR

	<u>Page</u>
El Salvador - a description	1
Physical characteristics	1
Population	3
Natural resources and economy	4
Agriculture	4
Forest industries	8
Pastoral industries	8
Mining	9
Manufacturing	9
Foreign investments	10
The foreign trade of El Salvador	11
Salvadoran commercial policy	12
The tariff	12
Export duties and controls	16
Exports from El Salvador	18
Trend	18
Composition	23
Destination	25
Imports into El Salvador	30
Trend	30
Composition	31
Sources	36
United States trade with El Salvador	41
Trend of United States-Salvadoran trade	41
United States import from El Salvador	44
Coffee	44
Dutiable status of imports	45
United States exports to El Salvador	47
Balance of payments between the United States and El Salvador	51

CENTRAL AMERICA



SECTION 12. - EL SALVADOR

El Salvador - A Description

Physical characteristics.

The Republic of El Salvador,^{1/} the smallest of the six countries of Central America, is bounded on the north by Honduras, on the east by Honduras and the Gulf of Fonseca, on the south by the Pacific Ocean, and on the west by Guatemala. The only independent country of Central America without a Caribbean littoral, it has a Pacific coast line of about 160 miles, and a maximum width of about 75 miles. The area of El Salvador, including dependent islands in the Gulf of Fonseca, is 13,176 square miles, approximately equivalent to that of Massachusetts, Rhode Island, and Connecticut combined.

Two mountain ranges traverse El Salvador from east to west. Numerous spurs connect the two ranges and extend from them, creating a plateau region and a number of fertile valleys. The most important of these valleys is that of the Río Lempa. The average elevation in the plateau region is about 2,000 feet, but in the mountain ranges elevations reach 8,000 feet. There are numerous volcanoes, some of them active. To the east the plateau descends gradually to a lowland area. Between the mountain range and the Pacific Ocean is a narrow coastal plain from 10 to 15 miles in width.

The climate of El Salvador varies from tropical to temperate, depending on the altitude. The coastal plain is hot and humid, and the

^{1/} In Spanish, República de El Salvador (Republic of The Savior.)

rainfall is heavy. In the plateau region and valley areas, up to an elevation of about 2,500 feet, the climate is semitropical, while in the upper reaches of the mountains it is temperate. The mean annual temperature at San Salvador (elevation 2,100 feet) is about 72° F. There are two seasons in El Salvador; the rainy season extends from May to October, and the dry season or "summer" from November to April. The average annual rainfall is about 72 inches, more than three-fourths of which falls in the rainy season.

There are numerous rivers in El Salvador, the principal of which are the Río Lempa, the Río de Paz, and the Río Grande de San Miguel. Although the rivers are not of importance for navigation, being useful only for small craft, they are of decided importance to Salvadoran agriculture. The Lempa,^{1/} the most important, rises in Guatemala and flows through Honduras, thence into El Salvador, where it follows a tortuous course to the Pacific Ocean. The Río de Paz forms the boundary between El Salvador and Guatemala, and the Río de Goasoorán forms part of that between El Salvador and Honduras. There are a number of lakes in El Salvador, the largest of which are Lake Guija, on the Guatemalan frontier, and Lake Ilopango, near San Salvador.

About 375 miles of railroad are in operation in El Salvador. A railway, about 90 miles in length, owned by British interests (the Salvador Railway Company), connects Acajutla with San Salvador and the important coffee center of Santa Ana. The International Railways of Central America, a United States enterprise, operates 285 miles of

^{1/} The Lempa is the largest river emptying into the Pacific Ocean between the Colorado River and Cape Horn.

track. This railroad traverses the country from Cutuco (La Unión) northwest to the Guatemalan frontier, connecting with Guatemala City and Puerto Barrios. A branch line connects Taxislepeque with Santa Ana and Ahuachapán. In 1939 the two Salvadoran railroads carried more than 916 thousand passengers and 337 thousand tons of freight.^{1/}

There are 3,700 miles of highways in El Salvador, of which about 1,600 are unimproved. The main highway, the Carretera Panamericana, is the Salvadoran section of the Pan American highway. This road, which is 181 miles in length, traverses the country, linking it with Guatemala in the west and Honduras on the east. Various other trunk highways connect the chief cities and ports. An excellent 23-mile road connects San Salvador with its port, La Libertad. Automobile registrations in El Salvador in 1938 totaled 3,267.

Population.

According to the census of 1930, the population of El Salvador was 1,438,000. An official estimate placed the number of inhabitants on December 31, 1939, at 1,745,000, or about 132 persons to the square mile. El Salvador is the second most densely populated of the 20 Latin American countries, being exceeded in that respect only by Haiti.^{2/} More than three-fifths of the Salvadoran population is rural.

The principal city of El Salvador is its capital, San Salvador. Situated in the plateau region, at an altitude of 2,115 feet, it has a

^{1/} Pan American Union, American Nations Series No. 18, El Salvador.

^{2/} The density in Haiti is double that in El Salvador (265 persons per square mile).

population of 106,000. Other important cities and towns, all of which are in the interior, include Santa Ana, with 85,000 inhabitants; San Miguel, 44,000; Santa Tecla,^{1/} 33,000; Ahuachapán, 31,000; Sonsonate, 28,000; San Vicente, 27,000; Zacatecoluca, 26,000; and Cojutepeque, 21,500. Eight other cities have populations ranging from 10,000 to 20,000.^{2/}

The principal ports of El Salvador are La Unión, with a population of 8,000, La Libertad, with 4,000, and Acajutla, with 3,000. About one-half of El Salvador's exports pass through La Unión, which is on the Gulf of Fonseca; Acajutla handles from one-fourth to one-third of all exports. About one-third of all imports enter through La Libertad. La Unión^{3/} is a protected seaport, but Acajutla and La Libertad are open roadsteads, and cargoes must be lightered ashore.^{4/}

The people of El Salvador are principally of European and of mixed European and Indian stock. Only about one-tenth of the population consists of full-blooded Indians. The language of the country is Spanish.

Natural resources and economy.

Agriculture. - El Salvador is an agricultural country, with but few mining and manufacturing industries. The principal export crop is coffee, but small quantities of sugar, henequen, cacao, indigo,

^{1/} Also known as Nueva San Salvador.

^{2/} U. S. Bureau of Foreign and Domestic Commerce, Commercial Travelers' Guide to Latin America, part III, 1940.

^{3/} Cargoes are actually handled at Cutuco, about a mile from La Unión.

^{4/} Pan American Union, American Nations Series, No. 18, El Salvador; U. S. Bureau of Foreign and Domestic Commerce, Commercial Travelers' Guide to Latin America, part III, 1940.

rice, cotton, and balsam are also shipped abroad. Other agricultural products, grown chiefly for domestic consumption, include corn, beans, millet, wheat, tobacco, bananas, pineapples, coconuts, oranges, mangoes, papayas, tomatoes, and avocados. About four-fifths of the total area of El Salvador is under cultivation.

The Salvadoran economy is characterized by its dependence on exports of coffee. More than nine-tenths of the value of all exports consist of this one commodity; with the exception of Venezuela, where petroleum predominates, no other country of Latin America is so dependent upon the export of a single product. Shifts in the prices of or markets for coffee are immediately reflected in both the foreign and the domestic trade of El Salvador. Exports of coffee determine in great measure the value of Salvadoran imports, since there are few other sources of foreign exchange. Moreover, a large part of government revenue is derived from customs duties, both import and export, so that the country's fiscal structure also rests in large part upon coffee. In periods of low prices, the Salvadoran Government has endeavored to assist the growers by suspending a portion of the export duty on coffee. Efforts have also been made to diversify agriculture in order to reduce the dependence on one crop. El Salvador ranks third among the coffee exporting countries of Latin America, being exceeded only by Brazil and Colombia.

Coffee is grown principally in the higher elevations, in the central and western parts of the country. According to the first Salvadoran coffee census, completed in May 1939, there were then about

140 million coffee trees in El Salvador, covering an area of more than 202,000 acres; approximately 100,000 additional acres are said to be suitable for coffee growing. In 1939 there were 11,545 coffee plantations (called "fincas"), and 10,921 proprietors. Although some coffee is produced in each of the 14 departments of El Salvador, nearly one-half of the acreage is in the five Departments of Santa Ana, La Libertad, Usulután, Sonsonate, and Ahuachapán. One-fifth of the entire production of coffee, however, takes place in the Department of Santa Ana. Domestic consumption of coffee in El Salvador averages about 20 million pounds annually; the remainder is exported. Exports in 1938 amounted to 119 million pounds.

The coffee produced in El Salvador is predominantly of the "mild" variety (*Coffea arabica*), used in the United States largely for blending purposes. It commands a high price in European and United States markets, and competes only indirectly with Brazilian coffee.^{1/} In the years immediately preceding the outbreak of the European war, between two-fifths and one-half of all Salvadoran exports of coffee went to European markets; these markets are now closed, and El Salvador is finding it difficult to dispose of the crop. Under the terms of the Inter-American Coffee Agreement, signed November 28, 1940, El Salvador was permitted to ship to the United States 79.4 million pounds of coffee during the quota year beginning October 1, 1940.^{2/} This compares with actual shipments to the United States of 79.2 million pounds during the calendar year 1939.

^{1/} In the trade, all coffees are roughly grouped into "Brazils" and "Milds", the milds constituting all coffees grown outside of Brazil.

^{2/} As of June 1, 1941, this quota was increased to 80.7 million pounds by the Inter-American Coffee Board.

Sugar, the second ranking agricultural export, is grown in the lowland areas, principally in the Departments of San Salvador, La Libertad, and Sonsonate. Salvadoran production of sugar is customarily adequate for domestic requirements with a small surplus for export; in some years, however, sugar must be imported. Production averages about 30 thousand tons annually. About 25 thousand acres are devoted to the cultivation of sugar cane.

Henequen, grown chiefly in the Departments of San Miguel and Morazán, ranks third among Salvadoran agricultural exports, but the quantities involved are small. In 1936 more than 11,000 acres were devoted to this fiber, and production amounted to 3,600 tons; in 1937, however, production declined to 2,280 tons. The greater part of the henequen is employed to make bags in which Salvadoran coffee is shipped abroad.

Other Salvadoran agricultural exports include rice, indigo, and honey. Although rice is grown chiefly for domestic consumption, some is usually available for export to Honduras. Production of rice in 1937 amounted to 9,575 tons. Indigo, once a principal export commodity, is still exported to Mexico and Peru, but in small quantities. Production in 1937 was 31 tons.

The leading agricultural products grown in El Salvador principally for domestic consumption are corn, beans, millet, cotton, tobacco, and wheat. Production in 1937 was as follows: Corn, 84,830 tons; millet, 55,456 tons; beans, 12,187 tons; cotton, 1,048 tons; and tobacco, 86 tons. Production of wheat in 1936 amounted to 68 tons. The cotton produced in El Salvador is sufficient to supply

the small domestic textile industry. Cotton growing was begun in 1924, but, because of plant pests, was practically abandoned several years later. Cultivation was revived in 1935, and production has since increased rapidly. The Government has encouraged the growing of cotton by fixing prices and prohibiting imports as long as domestic supplies are sufficient to meet the requirements of the domestic textile industry.^{1/}

Forest industries. - The most important forest product exported by El Salvador is the so-called "balsam of Peru."^{2/} Despite its name, this medicinal gum, which is extracted from the trunk of the tree,^{3/} is indigenous to and is produced principally in El Salvador. Production, which takes place on the coastal plain between the ports of La Libertad and Acajutla, amounted to 208 tons in 1936, and to 134 tons in 1937. Exports of other forest products from El Salvador are small; they include hardwoods (principally mahogany, cedar, and walnut), dyewoods, kapok, and rubber.

Pastoral industries. - Stock raising is an important activity in El Salvador. It is carried on in nearly all parts of the country, but principally in the coastal plain. In 1933 there were 680 thousand cattle, 577 thousand hogs, 32 thousand goats, and 20 thousand sheep in the country, as well as 221 thousand horses. The local industry supplies the entire domestic demand for meats and dairy products.

^{1/} By a decree of Dec. 1, 1937, raw or ginned cotton may not be imported except with the permission of the Ministry of Finance. A decree of Dec. 29, 1936, prohibited imports of machinery for picking cotton.

^{2/} The misnomer "balsam of Peru" originated in the colonial period, when shipments to Spain were routed via Peru. It is now required that all balsam exported be marked "balsam of El Salvador."

^{3/} The balsam trees are tapped when they are about 25 years old.

Most of the hides and skins produced in El Salvador are utilized by domestic tanneries and shoe factories; the remainder is exported.

Mining. - Although a number of minerals are known to exist in El Salvador, there has been little development of the country's mineral resources, with the exception of gold and silver. These metals are found associated in many parts of the country, but the principal mines are in the Departments of San Miguel, Morazán, and La Unión. The value of the gold produced in 1939 was estimated to be 560 thousand dollars. Other minerals in El Salvador include coal, petroleum, iron, copper, lead, zinc, mercury, sulfur, and asbestos. Limestone, granite, and marble are also available. In general, minerals in El Salvador occur in small quantities, in relatively inaccessible areas. There has been no development of coal or petroleum resources.

Manufacturing. - Until recently, manufacturing in El Salvador was largely associated with the processing of agricultural products, particularly the preparation of coffee beans for export, the refining of sugar, the distillation of alcohol, and the tanning of leather. There was, however, some production of cotton textiles, straw hats, soap, candles, candy, tobacco, cigarettes, beer, rum, furniture, bricks, pottery, rope, and other light consumer goods. In the past, the development of manufacturing in El Salvador has been retarded by lack of raw materials, transportation facilities, and skilled labor, and the limited market.

In the last decade, a number of other small manufacturing industries have been established to produce for the domestic market.

The products of many of these industries have been accorded tariff protection, and in some cases imports of similar commodities have been eliminated. There are now about 300 manufacturing establishments in the country, with an annual production valued at more than \$6 million dollars. Most of these are small enterprises, each employing but a few workers and producing for a very limited local market. Among the products of Salvadoran industry, other than those already mentioned, are bags made from domestic henequen, carpets and rugs, curtains, clothing, handbags, shoes, rubber heels, leather goods, bone buttons, aerated waters, matches, salt, lard, flour, dairy products, mirrors, table and kitchen ware, furniture, ironwork, paper and cardboard, musical instruments, and jewelry. Almost the entire domestic demand for cotton yarn now is furnished by local mills.

Foreign investments. - Statistics of foreign investments in El Salvador, other than those of the United States and the United Kingdom, are not available. United States direct investments at the end of 1936 amounted to 17.2 million dollars.^{1/} No data are available to show the distribution of the investments by economic groups, but they apparently are in public-utility and transportation enterprises. The United States portfolio of Salvadoran securities in 1935 was estimated

^{1/} U. S. Department of Commerce, American Direct Investments in Foreign Countries - 1936, p. 12. "Direct" investments are defined as all United States investments in those foreign corporations or enterprises which are controlled by a person or small group of persons (corporate or natural) domiciled in the United States, or in the management of which such person or group has an important voice.

to be 4.6 million dollars.^{1/} Total United Kingdom investments in El Salvador in 1940 were estimated to be 1.1 million pounds sterling (approximately 4.5 million dollars).^{2/}

The Foreign Trade of El Salvador

El Salvador customarily accounts for about one-fifth of the value of all exports from the six countries of Central America, and for about one-eighth of all imports thereto. Exports in 1938 were valued at 10.9 million dollars, as compared with imports of 9.1 million dollars.^{3/}

Exports from El Salvador customarily exceed imports into the country; exports have been greater than imports in 12 of the 15 years 1924-38. In the 3 years 1936-38, the export balance ranged from 1.7 million dollars (1936) to 5.1 million dollars (1937).^{4/} The maintenance of an export balance during a period of falling coffee prices is due to the governmental control exercised over imports and to the growth of manufacturing within the country.

In proportion to its population, the foreign trade of El Salvador is small. Exports in 1938 were equal to about \$6.70 per capita, and imports to \$5.60 per capita.

^{1/} Cleona Lewis, America's Stake in International Investments, The Brookings Institution, 1938, p. 655. "Portfolio" investments are defined as equity and other security investments in foreign-controlled corporations, and investments in the security issues of foreign governments or subdivisions thereof.

^{2/} The South American Journal, Jan. 25, 1941, pp. 49-50.

^{3/} The Salvadoran monetary unit, the colón, is now maintained at the rate of 2½ colones to 1 United States dollar (see table 1 for exchange rates in the period 1924-38).

^{4/} Export values employed by El Salvador are declared values f.o.b. Salvadoran port, including export duties. Import values are c.i.f. Salvadoran port, including consular fees, freight, insurance, and other invoice charges, but excluding Salvadoran duties and taxes.

Salvadoran commercial policy.

The tariff..- From September 1, 1934 to August 15, 1937, the tariff of El Salvador consisted of three columns (minimum, intermediate, and maximum), applicable to products of individual countries in accordance with trade balances. Since August 15, 1937, the tariff has had two columns ("minimum" and "maximum"), also based on trade balances. Reductions in duty below the "minimum" accorded by agreements in force prior to September 1, 1934, were continued thereafter. Conventional reductions are not generalized, but are extended to those countries with which El Salvador has most-favored-nation agreements. The minimum column is also extended to such countries for the life of the agreements, irrespective of trade balances. Neither foreign-exchange control^{1/} nor import quotas (except for cotton) have been established by El Salvador.

El Salvador has unconditional most-favored-nation agreements^{2/} in force with the United States, Mexico, Venezuela, Belgium, France, Germany, Ireland, Switzerland, and the United Kingdom, and has conditional agreements with Italy and Spain. El Salvador has a reciprocal free-trade agreement with Honduras, applying to all products except coffee, hides, and cigarettes. The other Central American

^{1/} The gold standard was abandoned by El Salvador on October 7, 1931. Prior to that date, 2 colones were equivalent to 1 United States dollar. Between October 7, 1931, and August 1934 the value of the colón was unsupported, a low of \$0.3401 being reached in 1933. In August 1934 the colón was stabilized at 2-1/2 colones to 1 United States dollar, at which rate it has since remained. For exchange rates for each of the years covered in this report, see table 1.

^{2/} Subject to exception for preferences to other Central American countries.

countries are not only given minimum-column treatment, but are also accorded preferential reductions on certain products (ranging from 10 to 90 percent of the duties), and free entry for certain other products.

In the trade agreement between the United States and El Salvador, effective May 31, 1937, tariff concessions granted by El Salvador to the United States included reductions in duty on 19 tariff classifications and bindings against increase in duty on six others. More than 60 individual commodities were affected. The reductions in the Salvadoran duties ranged from 50 to 83 percent of the duties in effect prior to the conclusion of the agreement. Concessions made by the United States to El Salvador related entirely to distinctive tropical products. Five tariff items, including coffee, which accounts for the greater part of total imports, were bound on the free list; reductions in duty were granted on four products. Imports of these nine commodities represented more than 99 percent of total United States imports from El Salvador in 1935.

In the Salvadoran tariff of September 1, 1934, the minimum (basic) column was applicable to the products of any country with which El Salvador had an export trade balance, or with which the value of exports thereto approximately equaled the value of imports therefrom. The intermediate column (basic rates plus 15 percent thereof) applied to the products of all other countries which purchased from El Salvador goods equal in value to at least one-fourth that of Salvadoran imports from such countries. The maximum column (basic rates plus 200

percent thereof) was applicable to the products of any country which purchased from El Salvador products valued at less than one-fourth the value of Salvadoran imports from that country.

The Salvadoran Tariff Act of 1934 directed the Executive to classify all countries, for the application of the different columns, according to their trade balances with El Salvador. Provision for retaliatory treatment was made by authorizing the Executive, at his discretion, to apply either the maximum or intermediate columns to products of countries which "by laws or customs resolutions endeavor to restrict" imports of Salvadoran origin. The Executive was also authorized to apply the minimum column to products of first necessity, irrespective of the trade balances of the countries which were sources of such products. Prior legislative approval is required for reductions of import duties in commercial agreements.

By a law of November 27, 1936, originally intended to become effective May 20, 1937, the intermediate column in the Salvadoran tariff was eliminated, thus making it a two-column tariff (with minimum and maximum columns), based on trade balances in accordance with the regulations specified in the Salvadoran Tariff Act of 1934. The effective date for the elimination of the intermediate column was subsequently, by a law of May 20, 1937, postponed until August 15, 1937.

By action of the Salvadoran Legislative Assembly, on December 14, 1940, in conformity with declarations of the Second Meeting of Foreign Ministers at Habana, the rates of the minimum tariff were granted on

all imports from certain countries of the Pan American Union,^{1/} Products from Central American countries not having special commercial agreements with El Salvador will continue to enjoy the special treatment accorded by the decree of June 23, 1934. Products from American countries having commercial agreements with El Salvador will continue to receive the treatment stipulated therein, and, upon the expiration of such agreements, will be automatically granted minimum tariff treatment.

The Salvadoran tariff is largely a revenue measure,^{2/} but protection has been accorded a number of the products of domestic industry. The present tariff (promulgated May 30, 1934) has been subject to a number of changes in basic rates of duty. Some of the duties are specific; others are ad valorem. The specific duties are generally levied on the basis of weight.^{3/} Ad valorem duties, in general, are based on net market value in United States dollars at the point of origin.^{4/}

Prior to 1936, the Customs Section of the Ministry of Finance handled all matters pertaining to the tariff and customs administration. In that year, however, the Customs Section was converted into the

^{1/} These countries are Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, the Dominican Republic, Ecuador, Haiti, Panama, Paraguay, Peru, and Venezuela.

^{2/} Of the Salvadoran revenues for 1937-38, which amounted to 19.6 million colones (7.8 million dollars), 56 percent consisted of customs duties and 6 percent of consular fees. Liquor taxes accounted for 10 percent, receipts from communications for 5 percent, direct taxes for 4 percent, stamp taxes for 3 percent, and other sources for 16 percent.

^{3/} Usually gross weight. A few duties are assessed on legal or net weight. On some commodities units of measurement are employed.

^{4/} Except for automobiles, for which the factory list price is employed.

Customs Income Administration, still under the general supervision of the Ministry of Finance. The Customs Income Administration was charged with the study of existing customs laws, and the formulation of a customs code, to be submitted to the Ministry of Finance. It was also directed to make a study of commercial treaties, in order that a well-defined commercial policy might be adopted, taking into consideration the fiscal and economic interests of the country. Finally, the new Customs Income Administration was assigned the task of revising the existing customs duties, and of classifying for customs purposes commodities not provided for in the tariff.

Export duties and controls. - Export duties are levied by El Salvador on coffee, gold and silver in bars, ingots, or powder, and scrap or waste metals.^{1/} All other commodities are free of export duties. A decree of May 31, 1936, imposed a tax of 10 cents United States currency on each sack or bag of foreign manufacture used to export Salvadoran products, but this tax was removed by a decree of April 29, 1937.

In the Salvadoran Tariff Act of 1934 the export duty on coffee was set at \$3.27 United States currency per 100 kilograms, gross weight (\$0.0148 per pound). The duty was subsequently reduced to \$2.57 (\$0.0117 per pound). Following the sharp decline in coffee prices in 1937,^{2/} A Salvadoran decree of November 26, 1937, reduced the export duty to \$0.85 per 100 kilograms (\$0.0039 per pound),^{3/} it

^{1/} The export duty on gold and silver, and on scrap or waste metals, is 3 percent ad valorem.

^{2/} See part II, sec. 3 (Brazil), of this report.

^{3/} Similar action was taken in 1935-36, when the export duty was reduced to \$0.82 per 100 kilograms (\$0.0037 per pound).

was subsequently raised to \$0.95 (\$0.0043 per pound). By a decree of September 14, 1939, the coffee export duty of \$0.95 was continued for another year. With the closing of continental European markets as a result of the war, the Salvadoran Government on October 8, 1940, fixed a quota to be prorated among growers and exporters for the shipment of coffee free of the usual export duty; the quota amounted to about 15 percent of the 1940-41 coffee crop. A decree of November 8, 1940, issued just prior to the signing of the Inter-American Coffee Agreement,^{1/} provided that no coffee of the 1940-41 crop might be exported except on the basis of permits to be issued by the Salvadoran Coffee Growers Association, a semigovernmental institution. Such permits are to be approved by the Quota Commission established by executive decree of October 8, 1940. Further shipments of coffee are not to be exempted from the usual export duty, as were those shipments covering 15 percent of the new crop, as provided by the decree of October 8, 1940.

By legislative action effective May 23, 1941, the exportation and reexportation from El Salvador of all articles, products, and merchandise, except under previous license from the Treasury Department, was prohibited. In granting export licenses, it was provided that the Treasury Department will take into consideration the systems of control over these articles existing in the country of origin, as well as in the country to which they are destined.

^{1/} See p. 6

Exports from El Salvador.

Trend. - The most significant features of the Salvadoran export trade in the decade 1929-38 were the sharp rise in the importance of the United States as a market, and the decline in the position of Germany. Exports from El Salvador to the world and to the United States in the period 1924-38 are shown in tables 1 and 2.

The year 1929, the earliest shown in the detailed tables hereinafter presented, was not a peak year in exports either to the world or to the United States. The value of exports to the world in 1929 was exceeded by that in 1924, 1926, and 1928; average annual exports in the 5 years 1924-28 exceeded those in 1929 by about 15 percent. Exports to the United States in 1929 were exceeded by those in 1924 and 1926, although they exceeded slightly the annual average for the 5 years 1924-28.

Exports from El Salvador, valued at 18.1 million dollars in 1929, declined to 5.5 million dollars in 1932, or 30 percent of their 1929 value. Thereafter, exports recovered irregularly, reaching 15.5 million dollars in 1937. In 1938, as a result of the sharp decline in the price of coffee and the decrease in the quantity shipped abroad, total exports from El Salvador declined to 10.9 million dollars, or 60 percent of the 1929 level. In 1939, they increased to 12.7 million dollars, or 70 percent of the value in 1929.

Table 1. - El Salvador: Trade with the world, 1924-38

(Value in thousands)						
Year	Exports		Conversion:		Imports	
	: United		rates:		: United	
	: Colones:		1 colón :		Colones :	
	: dollars:		equals - :		: dollars	
	:	:	:	:	:	:
1924 -----	48,735	24,187	\$0.4963	:	28,011	13,902
1925 -----	33,769	16,800	.4975	:	38,767	19,287
1926 -----	49,272	24,646	.5002	:	51,516	25,768
1927 -----	28,304	14,013	.4951	:	29,729	14,719
1928 -----	48,928	24,219	.4950	:	38,377	18,997
	:	:	:	:	:	:
1929 -----	36,831	18,143	.4926	:	35,712	17,592
1930 -----	27,315	13,392	.4903	:	23,905	11,721
1931 -----	22,726	11,106	.4887	:	14,911	7,287
1932 -----	13,962	5,515	.3950	:	13,049	5,155
1933 -----	20,296	6,903	.3401	:	16,220	5,516
	:	:	:	:	:	:
1934 -----	24,049	9,379	.3900	:	21,489	8,381
1935 -----	27,093	10,837	.4000	:	22,657	9,063
1936 -----	25,244	10,098	.4000	:	21,087	8,435
1937 -----	38,790	15,516	.4000	:	26,040	10,416
1938 -----	27,365	10,946	.4000	:	22,867	9,147
	:	:	:	:	:	:

Source: Compiled by the U. S. Tariff Commission from Anuario Estadístico, except 1938 statistics, which are from Boletín Estadístico, No. 18, 1938.

Table 2. - El Salvador: Trade with the United States, 1924-38^{1/}

(Value in thousands)							
Year	Exports			Imports			
	Colones	United States dollars	Percent:	Colones	United States dollars	Percent:	
			of			of	
			total			total	
			to			from	
United States	United States						
1924	12,665	6,286	26.0	16,994	8,434	60.7	
1925	5,613	2,792	16.6	26,180	13,025	67.5	
1926	9,123	4,563	18.5	34,054	17,034	66.1	
1927	3,130	1,550	11.1	2/14,980	2/7,416	50.4	
1928	7,435	3,680	15.2	20,161	9,979	52.5	
1929	7,922	3,902	21.5	18,438	9,083	51.6	
1930	6,396	3,136	23.4	11,727	5,750	49.1	
1931	3,435	1,679	15.1	7,520	3,675	50.4	
1932	2,414	954	17.3	6,413	2,533	49.1	
1933	4,245	1,444	20.9	7,386	2,512	45.5	
1934	6,465	2,521	26.9	9,594	3,742	44.6	
1935	13,086	5,234	48.3	8,710	3,484	38.5	
1936	14,502	5,801	57.5	8,139	3,256	38.6	
1937	23,532	9,413	60.7	10,521	4,208	40.4	
1938	16,897	6,759	61.7	10,687	4,275	46.7	

^{1/} For conversion rates, see table 1.

^{2/} Does not include parcel post.

Source: Compiled by the U. S. Tariff Commission from Anuario Estadístico, except 1938 statistics, which are from Boletín Estadístico, No. 18, 1938.

Price and quantum indexes of Salvadoran exports are not available. The leading export commodity, coffee, usually constitutes nine-tenths or more of total exports, in terms of value. The statistics indicate that the decline in the total value of Salvadoran exports from 1929 to 1932 was attributable more to a decline in the price of coffee than in the quantities exported. The recovery in the value of exports between 1932 and 1937 may be attributed to increases

both in the price of coffee and in the quantities exported. The decline in 1938 was due to both a decline in the price of coffee and in the quantity exported.

Quantities, values, and unit values of exports of coffee from El Salvador, in specified years, 1929 to 1938, are shown in table 3. Exports of coffee declined from 103.1 million pounds in 1929 to 87.4 million in 1932, a decrease of about one-seventh. In the same period, however, the average unit value declined by nearly two-thirds (from \$0.163 to \$0.058 per pound). After 1932 exports of coffee increased. In 1937 they amounted to 149.1 million pounds, but declined in 1938 to 118.6 million pounds, or 115 percent of the 1929 level. The average unit value of exports of coffee increased from \$0.058 per pound in 1932 to \$0.095 in 1937, but declined in 1938 to \$0.08. Provisional figures for 1939 indicate that exports of coffee amounted to 123 million pounds, valued at 10.7 million dollars, and that the average unit value was \$0.087 per pound.

Table 3. - Coffee: Exports from EL SALVADOR to principal markets, in specified years, 1929 to 1938

Country	1929	1932	1936	1937	1938
Quantity (1,000 pounds)					
Total, all countries	103,137	87,423	108,927	149,071	118,617
UNITED STATES	18,928	12,058	60,646	90,857	75,265
Germany	34,759	31,254	16,555	17,582	12,781
Norway	9,161	9,314	8,669	11,316	13,473
Sweden	9,530	6,022	7,241	7,172	8,150
Italy	9,418	10,909	679	4,392	1,032
France	1,980	4,686	3,870	4,400	1,093
Finland	1,331	318	1,056	1,686	1,990
Netherlands	10,542	8,969	1,443	943	881
Belgium	687	584	239	760	565
Denmark	1,343	776	1,723	602	407
Chile	803	397	363	450	607
United Kingdom	1,217	186	624	45	1
Spain	1,487	1,688	820	1/	11
All other	1,951	262	4,999	8,866	2,361
Percentage to the United States	18.4	13.8	55.7	60.9	63.5
Value (1,000 colones)					
Total, all countries	34,090	12,867	22,523	35,313	23,779
Value (1,000 U. S. dollars)					
Total, all countries	16,793	5,082	9,009	14,125	9,512
UNITED STATES	3,022	722	5,065	8,705	6,191
Germany	5,715	1,809	1,419	1,676	1,053
Norway	1,451	539	682	1,014	989
Sweden	1,566	349	569	678	589
Italy	1,541	635	52	412	86
France	325	280	279	371	69
Finland	220	19	85	155	152
Netherlands	1,736	503	125	91	70
Belgium	113	35	18	71	42
Denmark	221	43	138	59	31
Chile	130	22	31	42	47
United Kingdom	200	10	50	4	2/
Spain	244	100	60	1/	1
All other	309	16	436	847	192
Percentage to the United States	18.0	14.2	56.2	61.6	65.1
Unit value per pound of total exports	\$0.163	\$0.058	\$0.083	\$0.095	\$0.080

1/ Not separately reported.

2/ Less than 500.

Source: Compiled by the U. S. Tariff Commission from official trade statistics of El Salvador and from U. S. Consular Report No. 3593. Converted to United States weights and currency by applying the following factors: 1 kilogram = 2.2046 lbs.; 1 colón = 1929, \$0.4926; 1932, \$0.3950; 1936-38, \$0.40.

Composition. - In 1938 coffee alone accounted for 87 percent of all Salvadoran shipments abroad, in terms of value. Other exports from El Salvador include sugar, rice, gold, henequen, balsam of Peru, railway ties, and indigo. Exports from El Salvador, by groups and principal commodities, in specified years, 1929 to 1938, are shown in table 4.

For each commodity in table 4 for which data are available, there was a drop in the dollar value of exports between 1929 and 1932, caused in large part by lower prices. All commodities showed increases in 1937 as compared with 1932; in no case, however, were values in 1937 as great as in 1929. For the principal commodities, the ratios of the dollar values of exports in 1938 to those in 1929 were as follows: Coffee, 57 percent; sugar, 22 percent; rice, 3,200 percent;^{1/} gold in bars, 1,868 percent;^{1/} henequen fiber, 10 percent; balsam of Peru, 69 percent; and indigo, 69 percent.

Coffee accounted for between 87 and 93 percent of all exports in the years shown in table 4.^{2/} Exports of sugar were more important in 1929 (5 percent of the value of total exports) than in any subsequent year shown in the table. No data are available to show exports of gold in bars in 1929. In 1932 they constituted less than 1 percent of total exports, as compared with more than 5 percent in 1938.

Other Salvadoran export products, combined shipments of which represented about 4 percent of total exports in 1938, are rice, henequen fiber, balsam of Peru, wood railway ties, indigo, manufactured products, and live animals (see table 4).

^{1/} Comparison of 1932 and 1938.

^{2/} In 1939 the ratio of exports of coffee to total exports dropped to 84 percent.

Table 4. - El Salvador: Exports, ^{1/} by groups, principal subgroups, and commodities, in specified years, 1929 to 1938

Commodity group, subgroup, or commodity ^{2/}	(Value in thousands of U.S. dollars)											
	1929	1932	1936	1937	1938	1929	1932	1936	1937	1938	Percent of total	Percent of total
	Value	Value	Value	Value	Value	Value	Value	Value	Value	Value	Exports	Exports
	Exports	Exports	Exports	Exports	Exports	Imports	Imports	Imports	Imports	Imports	Imports	Imports
Grand total	18,143	27,515	100.0	10,098	15,516	100.0	10,098	15,516	100.0	10,946	100.0	100.0
Food products and beverages	4/	5,144	92.3	2,085	14,351	92.5	9,841	35.9				
Coffee, raw	16,793	92.6	92.2	9,007	14,145	91.0	9,512	36.9				
Sugar	293	4.9	4.4	2	145	201	1.8					
Rice	6/	3	5/	50	56	44	96					
Gold and silver ore and coin	4/	143	2.6	582	707	4.5	674	6.2				
Gold, in bars	4/	11	.2	560	674	4.3	587	5.4				
Coin of gold and other metal	4/	123	2.2	1	4	25						
Raw materials	4/	125	2.3	260	262	1.7	157	1.4				
Balsa of Peru	110	6	.7	87	82	5	76					
Indigo	29	9	.2	21	25	2	20					
Henequen fiber	197	1.1	.9	95	107	19	2					
Railway ties, wood	4/	4/		32	20	13						
Manufactured products	4/	106	1.9	167	187	1.2	222	2.0				
Iron and steel products, other	4/	6/7/	5/	44	54	44						
Products of graphic art, except books and music, engraved or printed	4/	4/		18	5	5/	8					
Materials for railroads, except locomotives	4/	8/16	.3	13	4	5/	1					
Live animals	4/	1	5/	3	9	1	52					

^{1/} General exports. Bullion, coin, and parcel post are included. Transit and transshipment trade is excluded. Values are f.o.b. Salvadoran port, including export duty, as declared by merchants and verified by the customs. Coffee, the leading export, together with sugar, hides and skins, rubber, and henequen fiber, are valued in the export tables at official valuations which are revised annually.

^{2/} Classifications employed in this table are those given in the Salvadoran export statistics for 1938. Groups are ranked according to value in 1938.

^{3/} The total of the detail adds to 13,971,948 colones, but the total carried in the Salvadoran trade statistics is retained here.

^{4/} Not available.

^{5/} Less than 0.05 percent.

^{6/} Less than 500.

^{7/} Iron only.

^{8/} Probably includes locomotives.

Source: Compiled by the U. S. Tariff Commission from Anuario Estadístico, except 1937 statistics, which were furnished by the U. S. Department of Commerce.

Destination. - The principal markets for Salvadoran exports in 1938, with the share of the total value taken by each country, were the United States, 62 percent; Germany, 10 percent; Norway, 9 percent; and Sweden, 5 percent. Other purchasing countries in that year included Honduras, the United Kingdom, France, Italy, and Japan. Exports from El Salvador to selected countries, in specified years, 1929 to 1938, are shown in table 5. More detailed data for 1937 are shown in table 6. Provisional figures for 1939 indicate that the shares of the principal purchasers of Salvadoran products in that year were as follows: The United States, 61 percent; Germany, 9 percent; Norway, 7 percent; Sweden, 4 percent; Honduras, 4 percent; and Guatemala, 4 percent.

During the decade 1929-38, Germany and the United States exchanged positions in the export trade of El Salvador. In 1929 Germany, the leading market, purchased nearly 32 percent of total exports, in terms of value. It maintained first place until 1933. After the introduction of the compensation system of trade by Germany, however, there was a complete shift in El Salvador's export markets, and by 1938 Germany's share had dropped to 10 percent. The value of German purchases ranged from 1.1 million dollars (1938) to 5.8 million dollars (1929).

The United States ranked second as a market for Salvadoran exports in 1929, when it took 21 percent of the total. Its share rose sharply after 1933, reaching 62 percent in 1938. In value, United States purchases ranged from 954 thousand dollars (1932) to 9.4 million dollars (1937).

In 1929 Italy (8 percent), and in 1932 Italy (11 percent) and France (5 percent), were important markets for the products of El Salvador. In 1936 and 1937, however, neither of these countries took as much as 3 percent of total exports, and in 1938 their share fell below 1 percent. The United Kingdom and Japan are not important purchasers of the products of El Salvador.^{1/}

Exports from El Salvador to other countries of Latin America are not large. In 1937, for example, they amounted to only 609 thousand dollars out of a total of 15.5 million dollars. The principal Latin American export markets for Salvadoran products are the adjacent countries of Honduras and Guatemala.

^{1/} For the shares and values of exports to these countries, see table 5.

Table 5. - El Salvador: Foreign trade with selected countries, in specified years, 1929 to 1938

27

Country	(Value in thousands of U. S. dollars)					
	1929		1932		1936	
	Value	Percent of total	Value	Percent of total	Value	Percent of total
Exports to: 1/	(1 colón = \$0.4926)		(1 colón = \$0.3950)		(1 colón = \$0.40)	
All countries	13,143	100.0	5,535	100.0	10,098	100.0
UNITED STATES						
United Kingdom	3,902	21.5	954	17.3	5,801	57.4
Germany	211	1.2	14	.3	92	.9
Japan	5,766	31.8	1,851	33.2	1,440	14.3
Italy	1	2/	2/	2/	2/	2/
France	1,542	8.5	637	11.5	56	.6
All other	335	1.8	298	5.4	290	2.9
	6,386	35.2	1,781	32.3	2,417	23.9
Imports from: 6/						
All countries	17,592	100.0	5,155	100.0	8,435	100.0
UNITED STATES						
United Kingdom	9,083	51.6	2,533	49.1	3,256	38.6
Germany	2,549	14.5	560	10.9	914	10.8
Japan	1,511	8.6	510	9.9	2,813	33.4
Italy	391	2.2	138	2.6	7	.1
France	464	2.7	138	2.7	82	1.0
All other	1,059	6.0	303	5.9	188	2.2
	2,555	14.4	973	18.9	1,175	13.9
General exports. Bullion, coin, and parcel post are included. Values are invoice values, f.o.b. port, including export duties, as declared by merchants.						
2/ Less than one-tenth of 1 percent.						
3/ Less than 500.						
4/ Includes trade with the following countries:						
	Exports to:	Value (\$1,000)	Percent of total	Imports from:	Value (\$1,000)	Percent of total
	Norway	1,026	6.6	Peru	220	2.1
	Sweden	678	4.4	Honduras	167	1.6
	Canada	559	3.6	Belgium-Luxemburg	156	1.5
	Honduras	227	1.5	Czechoslovakia	146	1.4
5/ Includes trade with the following countries:						
	Exports to:	Value (\$1,000)	Percent of total	Imports from:	Value (\$1,000)	Percent of total
	Norway	989	9.0	Peru	141	1.5
	Sweden	569	5.4	Honduras	269	2.9
	Canada	14	.1	Belgium-Luxemburg	123	1.4
	Honduras	403	3.8	Czechoslovakia	226	2.5
6/ General imports. Bullion, coin, and parcel post are included. Values are invoice values c.i.f. port, as declared by merchants.						

Source: Compiled by the U. S. Tariff Commission from Anuario Estadístico, except 1938 statistics, which are from Boletín Estadístico, No. 18, 1938.

Table 6. - El Salvador: Foreign trade, by geographic areas and principal countries, in 1937

(Value in thousands of U.S. dollars)					
Exports 1/ (1 colón = \$0.40)			Imports 1/ (1 colón = \$0.40)		
Exported to -	Value	Percent of total trade	Imported from -	Value	Percent of total trade
Western Hemisphere:			Western Hemisphere:		
UNITED STATES -----	9,413	60.7	UNITED STATES -----	4,208	40.4
Canada -----	559	3.6	Peru -----	220	2.1
Honduras -----	227	1.5	Honduras -----	167	1.6
Guatemala -----	92	.6	Guatemala -----	105	1.0
All other Western			Canada -----	61	.6
Hemisphere countries:	101	.6	All other Western		
Total -----	10,392	67.0	Hemisphere countries:	101	1.0
			Total -----	4,862	46.7
Europe:			Europe:		
Germany -----	1,733	11.2	Germany -----	3,228	31.0
Norway -----	1,026	6.6	United Kingdom -----	1,147	11.0
Sweden -----	678	4.4	France -----	283	2.7
Italy -----	412	2.7	Italy -----	215	2.1
France -----	382	2.5	Belgium-Luxemburg ---	156	1.5
United Kingdom -----	172	1.1	Czechoslovakia -----	146	1.4
Finland -----	156	1.0	Netherlands -----	71	.7
Netherlands -----	124	.8	Sweden -----	57	.5
All other European			All other European		
countries -----	228	1.4	countries -----	218	2.1
Total -----	4,911	31.7	Total -----	5,521	53.0
Asia:			Asia:		
Japan -----	3	2/	Japan -----	14	.1
All other Asiatic			British India -----	8	.1
countries -----	-	-	All other Asiatic		
Total -----	3	2/	countries -----	1	2/
Africa -----	3	2/	Total -----	23	.2
Oceania -----	3/	-	Africa -----	4/	2/
Other countries (not			Oceania -----	3/	-
listed) -----	4	2/	Other countries (not		
In transit -----	14	.1	listed) -----	10	.1
Puerto Barrios (for					
transshipment; des-					
tination not listed)	189	1.2			
Grand total -----	15,516	100.0	Grand total -----	10,416	100.0

1/ General trade. Bullion, coin, and parcel post are included.

2/ Less than one-tenth of 1 percent.

3/ If any, included in "Other countries (not listed)."

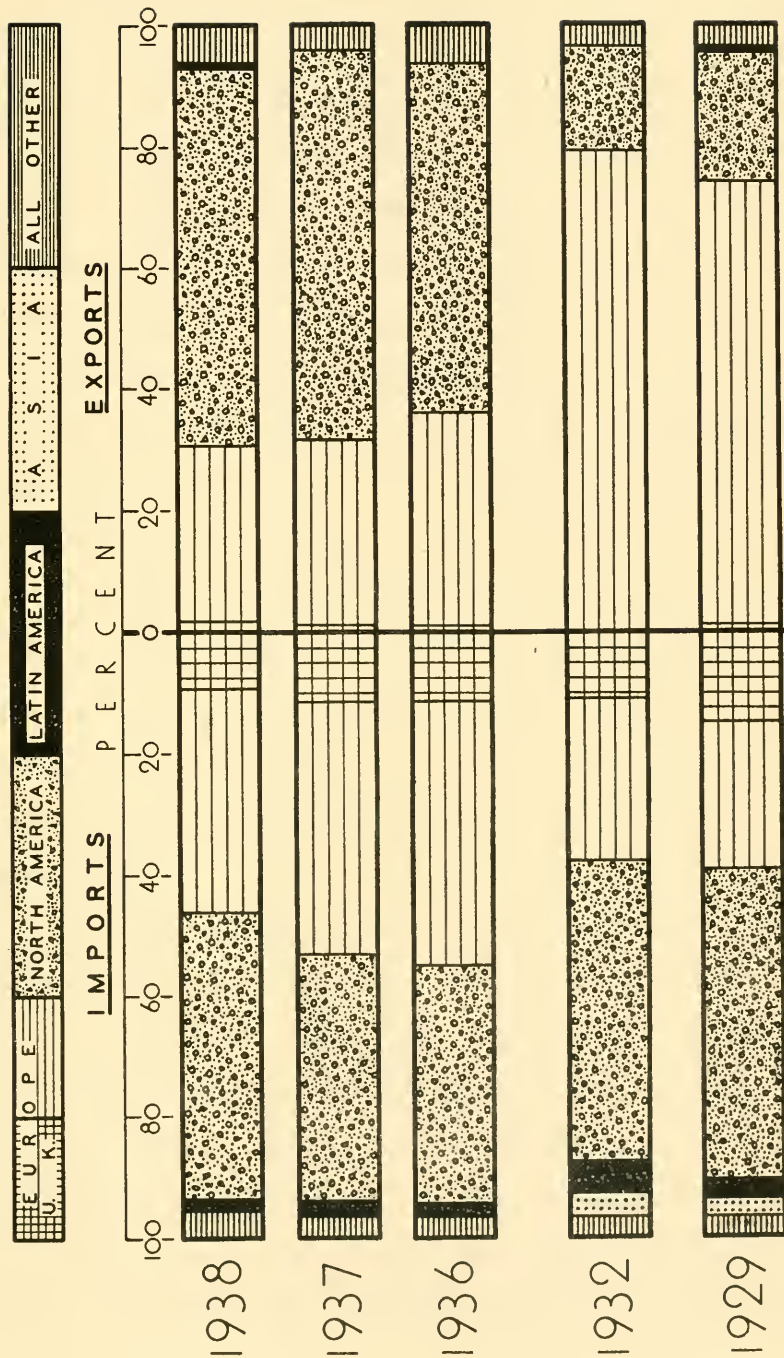
4/ Less than 500.

Source: Compiled by the U. S. Tariff Commission from Anuario Estadístico, 1937.

EL SALVADOR

PERCENTAGE DISTRIBUTION OF IMPORTS AND EXPORTS

1929, 1932, 1936-1938



During the decade 1929-38, the United States and Germany were the principal markets for Salvadoran coffee. In 1929 and 1932 Germany was the leading purchaser, taking somewhat more than one-third of all such exports, while the United States in each year took less than one-fifth, in terms of value. In recent years, however, the United States has been the principal market, having taken in each of the 4 years 1936-39 approximately three-fifths of the total. The share of Germany declined from 16 percent in 1936 to 9 percent in 1939.

Prior to 1939 exports of Salvadoran coffee, other than to Germany and the United States, practically all went to European markets, the principal of which were Norway, Sweden, Italy, France, and Finland. Other markets included the Netherlands, Belgium, Denmark, Chile, the United Kingdom, and Spain. During the decade 1929-38, exports of coffee to Norway increased, while shipments to all the other markets declined. The Netherlands, Denmark, the United Kingdom, and Spain, all of which took fairly substantial quantities in 1929, were only ^{1/} minor purchasers in 1938.

In the past, nearly all exports of gold from El Salvador went to the United States and the United Kingdom. In terms of value, the United States took 56 percent of all exports of gold in 1935, 94 percent in 1936, and 77 percent in 1937; ^{2/} nearly all of the remainder went to the United Kingdom. Exports of Salvadoran sugar in 1935

^{1/} For detailed statistics of exports of coffee by countries of destination, see table 3.

^{2/} The discussion of export commodities by countries of destination (except coffee) is based on statistics furnished by the U. S. Department of Commerce. Data for years subsequent to 1937 are not readily available.

and 1936 were nearly all taken by Honduras. In 1937 Honduras took 69 percent of the total value, followed by the Netherlands with 22 percent. Henequen fiber in 1935 and 1936 went almost entirely to the United States. In 1937 the United States took more than three-fourths of the value of such exports, most of the remainder being purchased by Germany. The United States was the destination of more than three-fifths of all exports of balsam of Peru in the period 1935-37; in 1936 and 1937 Germany and France were also important markets. Approximately three-fourths of all exports of indigo in the 3 years 1935-37 went to Peru.

The remaining Salvadoran export commodities go principally to Honduras. In 1937, that country took 99 percent of the exports of rice, 83 percent of the hides, skins, and manufactures thereof, and all of the tobacco. The United States was the second ranking market for hides, skins, and manufactures thereof.

Imports into El Salvador.

Trend. - Significant features of the Salvadoran import trade in the decade 1929-38 were the decline in the positions of the United States and the United Kingdom as suppliers, the marked increase in the importance of Germany, and the decrease in the percentage of imports of foodstuffs and raw materials. Imports into El Salvador from all countries and from the United States, in the period 1924-38, have already been shown in tables 1 and 2.

The year 1929, the earliest shown in the subsequent detailed table, was not a peak year either in imports from the world or from the United States. Imports from the world in 1929 were exceeded by

those in 1925, 1926, and 1928; the annual average value of imports from all countries in the 5-year period 1924-28 exceeded the value in 1929 by 5 percent. Imports from the United States in 1929 were exceeded by those in 1925, 1926, and 1928; the average annual value of imports from the United States in the 5-year period 1924-28 exceeded that in 1929 by 23 percent.

Total imports into El Salvador in 1929 were valued at 17.6 million dollars. Their value declined sharply thereafter, and in 1932, when the low point was reached, amounted to but 5.2 million dollars, or 29 percent of their 1929 value. After 1932 imports increased irregularly, reaching 10.4 million dollars in 1937. In 1938 they declined to 9.1 million dollars, or 52 percent of the 1929 level.^{1/} The failure of imports to recover after 1932 at the same pace as did exports was in part due to the governmental control exercised over imports and to the growing industrialization of the country.^{2/}

Composition. - Imports into El Salvador include a wide variety of manufactured products, raw materials, and foodstuffs and beverages. Minor import groups are live animals, and gold and silver. Imports into El Salvador by principal groups and commodities, in specified years, 1929 to 1938, are shown in table 7.^{3/}

Between 1929 and 1932 there was a sharp drop in the value of imports of all individual commodities shown in table 7, except arms, ammunition, and explosives; malt and other germinated grains; and

^{1/} Estimates, based on statistics for 11 months, indicate that imports in 1939 were valued at approximately 8.5 million dollars.

^{2/} Price and quantum indexes of Salvadoran imports are not available.

^{3/} Statistics of imports by groups and commodities in 1939 are not available.

cattle. Comparing 1937 with 1932, increases occurred in all commodities except arms, ammunition, and explosives; cotton thread and yarn; coal; wheat flour; dairy products; and lard. For the principal groups, the ratios of the dollar values of imports in 1938 to those in 1929 were as follows: Manufactured products, 61 percent; raw materials, 38 percent; and foodstuffs and beverages, 33 percent. For the principal individual commodities in each of these groups, the ratios were as follows: Cotton fabrics, 91 percent; machinery and tools, 55 percent; iron and steel manufactures, 25 percent; and petroleum products, 76 percent. Reflecting the growth of the domestic milling industry, imports of wheat increased in value from 2 thousand dollars in 1929 to 260 thousand dollars in 1938.

The ratio of imports of manufactured products to total imports increased from 67 percent in 1929 to 80 percent in 1936; in the 3 years 1936-38 it averaged 79 percent. The principal manufactures imported into El Salvador in 1938, with the share of the value of total imports accounted for by each, were cotton fabrics, 17 percent; machinery and tools, 9 percent; iron and steel manufactures, 6 percent; trucks, automobiles, and accessories, 5 percent; wearing apparel, including hats and hosiery, 5 percent; chemicals, colors, paraffin, etc., 4 percent; and medicinals and preparations, 4 percent. These items represented approximately one-half of the total Salvadoran import trade in 1938 and more than three-fifths of all imports of manufactured products.

The share of raw materials ^{1/} in total Salvadoran imports declined from 14 percent in 1929 to 10 percent in 1938. The principal commodities in 1938 were petroleum products (6 percent of total imports), cement, woods, raw tobacco, and fertilizers.

Imports of foodstuffs and beverages also declined in importance during the decade 1929-38, having been 15 percent in 1929 as compared with 10 percent in 1938. Imports of wheat have become more significant in recent years (nearly 3 percent in 1938) but those of wheat flour in 1938 constituted little more than 1 percent of total imports, as compared with nearly 5 percent in 1929. Other articles in the foodstuffs and beverages group imported into El Salvador include liquors, malts, fruits, dairy products (principally cheese), corn, rice, and hog lard. Imports of dairy products, hog lard, corn, and rice declined sharply in the decade 1929-38. The remaining Salvadoran import groups, live animals, and gold and silver ore and coin, together accounted for less than 2 percent of total Salvadoran imports in 1938.

^{1/} In the Salvadoran import statistics, petroleum products and cement are classified as raw materials.

Table 7. - El Salvador: Imports, $\frac{1}{2}$ by groups, principal subgroups, and commodities, in specified years, 1929 to 1930

Commodity group, subgroup, or commodity $\frac{2}{2}$	1929				1930				1931 ^a				1932				1933			
	(Value in thousands of U. S. dollars)				(1 colón = \$0.40)				(1 colón = \$0.40)				(1 colón = \$0.40)				(1 colón = \$0.40)			
	Value	Percent	of total	Imports	Value	Percent	of total	Imports	Value	Percent	of total	Imports	Value	Percent	of total	Imports	Value	Percent	of total	Imports
Grand total	17,592	100.0	5,155	100.0	8,435	100.0	10,416	100.0	9,147	100.0	10,416	100.0	9,147	100.0	10,416	100.0	9,147	100.0	10,416	100.0
Manufactured products	11,737	66.7	3,901	75.7	6,761	80.1	8,185	78.6	7,165	78.3	8,185	78.6	7,165	78.3	8,185	78.6	7,165	78.3	8,185	78.3
Cotton fabrics	1,664	9.5	871	16.9	1,463	17.3	1,735	16.7	1,513	16.5	1,735	16.7	1,513	16.5	1,735	16.7	1,513	16.5	1,735	16.5
Machinery and tools, including electrical machinery, apparatus, and accessories	1,557	8.9	284	5.5	595	7.1	997	9.6	861	9.4	997	9.6	861	9.4	997	9.6	861	9.4	997	9.4
Iron and steel and manufactures thereof	2,069	11.8	207	4.0	514	6.1	740	7.1	519	5.7	740	7.1	519	5.7	740	7.1	519	5.7	740	5.7
Trucks, automobiles, accessories, and repair parts, except tires	915	5.2	92	1.8	399	4.7	633	6.1	482	5.3	633	6.1	482	5.3	633	6.1	482	5.3	633	5.3
Wearing apparel, including hats and hosiery (except leather)	791	4.5	268	5.2	418	5.0	555	5.3	432	4.7	555	5.3	432	4.7	555	5.3	432	4.7	555	4.7
Chemicals, colors, etc., and puriffin	422	2.4	225	4.4	356	4.2	449	4.3	407	4.4	449	4.3	407	4.4	449	4.3	407	4.4	449	4.4
Medicinals and preparations	338	1.9	198	3.8	293	3.5	373	3.6	328	3.6	373	3.6	328	3.6	373	3.6	328	3.6	373	3.6
Arms, ammunition, and explosives	147	.8	184	3.6	553	6.6	98	.9	291	3.2	98	.9	291	3.2	98	.9	291	3.2	98	3.2
Paper and cardboard and manufactures thereof	306	1.7	157	3.0	206	2.4	297	2.8	257	2.8	297	2.8	257	2.8	297	2.8	257	2.8	297	2.8
Leather and manufactures thereof	274	1.6	161	3.1	250	3.0	292	2.8	227	2.5	292	2.8	227	2.5	292	2.8	227	2.5	292	2.5
Silk and rayon fabrics	299	1.7	182	3.5	181	2.2	183	1.8	216	2.4	183	1.8	216	2.4	183	1.8	216	2.4	183	2.4
China, porcelain, pottery, and glassware	341	1.9	54	1.0	145	1.7	149	1.4	145	1.6	149	1.4	145	1.6	149	1.4	145	1.6	149	1.6
Soaps, perfumes, and toilet preparations	157	.9	96	1.9	127	1.5	147	1.4	127	1.4	147	1.4	127	1.4	147	1.4	127	1.4	147	1.4
Wool fabrics	126	.7	39	.8	107	1.3	103	1.0	119	1.3	103	1.0	119	1.3	103	1.0	119	1.3	103	1.3
Rubber and manufactures thereof	191	1.1	65	1.3	113	1.3	146	1.4	114	1.2	146	1.4	114	1.2	146	1.4	114	1.2	146	1.2
Books and music, engraved or printed	125	.7	54	1.0	68	.8	79	.8	88	1.0	79	.8	88	1.0	79	.8	88	1.0	79	.8
Cotton thread and yarn	396	2.3	272	5.3	217	2.6	136	1.3	70	.8	217	2.6	136	1.3	70	.8	217	2.6	136	.8
Radios and combined radios and phonographs	2	.0	30	.7	54	.6	108	1.0	46	.5	108	1.0	46	.5	108	1.0	46	.5	108	.5
Raw materials	2,440	13.9	644	12.5	922	10.9	1,162	11.2	922	10.1	1,162	11.2	922	10.1	1,162	11.2	922	10.1	1,162	10.1
Petroleum products, including asphalt	727	4.1	351	7.4	530	6.3	641	6.2	553	6.0	641	6.2	553	6.0	641	6.2	553	6.0	641	6.0
Cement, portland, roman, etc.	276	1.6	171	3.3	155	1.8	198	1.9	104	1.1	198	1.9	104	1.1	198	1.9	104	1.1	198	1.1
Woods of all kinds, including saws	337	2.2	77	1.4	105	1.2	130	1.2	104	1.1	130	1.2	104	1.1	130	1.2	104	1.1	130	1.1
Tobacco, raw	5	.0	2	.0	4	.0	5	.0	4	.0	5	.0	4	.0	5	.0	4	.0	5	.0
Fertilizers, natural, artificial, and chemical	214	1.2	49	1.0	65	.8	86	.8	43	.5	86	.8	43	.5	86	.8	43	.5	86	.5
Cotton, raw, ginned, and absorbent	13	.1	6	.1	52	.6	7	.1	13	.1	7	.1	13	.1	7	.1	13	.1	7	.1
Coal	651	3.7	50	1.0	4	.0	4	.0	4	.0	4	.0	4	.0	4	.0	4	.0	4	.0

See footnotes at end of table.

Table 7. - El Salvador: Imports,^{1/} by groups, principal subgroups, and commodities, in specified years, 1929 to 1938-Continued

Commodity group, subgroup, or commodity ^{2/}	(Value in thousands of U. S. dollars)						
	1929			1932			
	Value	Percent	Imports	Value	Percent	Imports	
	(1 colón = \$0.4926)	(1 colón = \$0.3950)	(1 colón = \$0.40)	(1 colón = \$0.40)	(1 colón = \$0.40)	(1 colón = \$0.40)	
	Value	Percent	Imports	Value	Percent	Imports	
Foodstuffs and beverages	2,669	15.2	599	638	7.6	963	9.7
Wheat	2	4/	5/	172	2.0	312	260
Wheat flour	851	4.8	303	111	1.3	161	144
Beverages (principally liquors)	451	2.6	86	100	1.2	122	135
Fruits, dried and fresh	59	.3	13	26	.3	51	47
Malt and other germinated cereal grains	30	.2	33	39	.5	40	35
Dairy products (principally cheese)	227	1.3	30	19	.2	25	27
Confectionery	28	.2	16	24	.3	33	24
Lard, hog	244	1.4	14	1	4/	4	21
Corn	352	2.0	2	5/	4/	5	9
Rice	109	.6	5/	5/	4/	5/	6
Live animals	6	4/	11	59	.7	77	159
Cattle	4	4/	7	49	.6	59	116
Gold and silver ore and coin	740	4.2	-	55	.7	29	14
Legal bank notes	-	-	-	52	.6	24	6
Gold coin	739	4.2	-	-	-	-	1
General imports.	-	-	-	-	-	-	-
Bullion, coin, and purcell post are included.	-	-	-	-	-	-	-
Including consular fees, freights, insurance, and other invoice charges, but excluding Salvadoran duties and taxes.	-	-	-	-	-	-	-
Classifications employed in this table are based on those given in the Salvadoran import statistics for 1938.	-	-	-	-	-	-	-
Values are c.i.f. Salvadoran port.	-	-	-	-	-	-	-
Groups are ranked according to value	-	-	-	-	-	-	-

Source: Compiled by the U. S. Tariff Commission from Anuario Estadístico.

Sources. - The principal sources of imports into El Salvador in 1938, with the share of the value of total imports supplied by each country, were the United States, 47 percent; Germany, 21 percent; the United Kingdom, 9 percent; and Italy, 5 percent. Other suppliers in that year included Peru, Honduras, Belgium-Luxemburg, Czechoslovakia, France, and Japan. Imports into El Salvador from selected countries, in specified years, 1929 to 1938, have already been shown in table 5. More detailed data for 1937 have been shown in table 6.

In the decade 1929-38, the United States was by far the leading supplier of imports into El Salvador, its share ranging from about two-fifths to one-half of the total, in terms of value. The value of imports from the United States ranged from 2.5 million dollars (1932) to 9.1 million dollars (1929); in 1938 it was 4.3 million dollars.

Germany's share in the Salvadoran import trade increased from less than 9 percent in 1929 to 33 percent in 1936. It declined to 31 percent in 1937, and to 21 percent in 1938; Germany, however, occupied second place in Salvadoran imports in those years. In value, imports from Germany varied from 510 thousand dollars (1932) to 3.2 million dollars (1937); in 1938 they amounted to 1.9 million dollars. Simultaneously with the increase in the importance of Germany, the position of the United Kingdom in El Salvador's import trade declined. In 1929 more than 14 percent of Salvadoran imports came from the United Kingdom; its share declined irregularly to 9 percent in 1938. In value, Salvadoran purchases from the United Kingdom ranged from

560 thousand dollars (1932) to 2.5 million dollars (1929); in 1938 they were valued at 833 thousand dollars.

France and Japan were more important as sources of Salvadoran imports in 1929 and 1932 than in subsequent years. The share of France, which was 6 percent in 1929, averaged less than 3 percent in the 3 years 1936-38. Imports from Japan, which constituted between 2 and 3 percent of the total in 1929 and 1932, dropped sharply after 1935 as the result of a surcharge of 200 percent of the import duties imposed because of the large import trade balance which El Salvador had with Japan. In each of the 3 years 1936-38, the share of Japan amounted to one-tenth of 1 percent or less of total Salvadoran imports. The share of Italy, which did not reach 3 percent in the other years under discussion, increased sharply to 5 percent in 1938.^{1/}

Imports into El Salvador from other countries of Latin America are fairly substantial. In 1937, for example, they were valued at 562 thousand dollars, or 5 percent of the total. The principal Latin American sources of imports in that year were Peru, Honduras, and Guatemala.

Textiles imported into El Salvador in the past have originated chiefly in the United Kingdom, Germany, and the United States. In 1935 and 1936, the United Kingdom and the United States occupied the first two places as suppliers of cotton cloth, the principal item in textile imports. In 1937^{2/} such imports came from the United

^{1/} For the values of imports from France, Japan, and Italy, see table 5.

^{2/} The latest year for which data are readily available. The discussion of import commodities by countries of origin is based on statistics furnished by the U.S. Department of Commerce.

Kingdom (39 percent), Germany (36 percent), and the United States (19 percent). Germany furnished one-half of the value of all imports of clothing and millinery in 1937, followed by the United States with nearly one-third of the total. The principal sources of silk and rayon fabrics in 1937 were Germany (45 percent), Italy (35 percent), and France (12 percent). Nearly one-half of all imports of wool fabrics in 1937 came from the United Kingdom, and more than one-fourth from Germany; most of the remainder originated in Belgium and Italy. The United Kingdom furnished more than one-third of all imports of cotton yarn and thread (in terms of value), and Germany and the United States each furnished more than one-fourth of the total. Germany was the principal source of jute bags (51 percent), followed by Czechoslovakia (26 percent), and Belgium (17 percent). The United Kingdom furnished nearly two-thirds of all imports of embroideries, laces, and trimmings.

The United States was the leading supplier of machinery in the period 1935-37, furnishing more than one-half of the value of such imports in those years. Germany ranked second with between one-fourth and one-third of the total, followed by the United Kingdom with approximately one-tenth.

Iron and steel and manufactures thereof imported into El Salvador in 1935-37 originated chiefly in Germany and the United States. In 1935 and 1936, Germany, the ranking supplier, furnished more than three-fifths of the total; in 1937 the United States was in first place, with approximately two-fifths.

In the past, Germany and the United States have been the principal sources of Salvadoran imports of chemical and pharmaceutical products in general. The United States was the leading supplier of chemicals and medicines in 1935; in 1936 and 1937, Germany ranked first, with more than two-fifths, followed by the United States, with more than one-third. In 1937 Germany was also the leading country of origin for imports of fertilizers (81 percent) and of colors, paints, and varnishes (38 percent). The United States furnished more than three-fifths of all imports of soap, nearly one-half of the perfumery and toilet preparations, and ranked second in the supply of fertilizers, and colors, paints, and varnishes.

Four-fifths or more of the value of all imports of automobiles and trucks in the 3 years 1935-37 came from the United States. Germany ranked second as a supplier. In 1935 and 1936 the United States furnished approximately three-fourths of all automotive accessories; in 1937, however, its share dropped to about one-half. Germany, which ranked second, increased its share from less than 3 percent in 1935 to 46 percent in 1937.

Foodstuffs imported into El Salvador originate principally in the United States and Honduras. In 1937 the United States accounted for practically all imports of wheat flour, 95 percent of those of fresh and dried fruits, 80 percent of the preserved milk, 65 percent of the prepared meats, and 50 percent of the fish and shellfish. Honduras supplied all the hog lard, nearly three-fourths of the cheese, and more than two-fifths of the fresh and dried vegetables. Nearly

two-thirds of the imports of confectionery came from the United States, and more than one-half of the spirituous liquors originated in the United Kingdom.

Nearly two-thirds of the value of petroleum and petroleum products imported into El Salvador in 1937 originated in the United States; most of the remainder came from Peru. In recent years, the United States and Germany have been the principal sources of prepared hides and skins. In 1937 the United States was the leading supplier, with a share of 46 percent of all such imports, followed by Germany with 38 percent and Hungary with 12 percent. Imports of paper and cardboard also came chiefly from Germany and the United States; the share of Germany (32 percent in 1937) has been declining in recent years, while that of the United States increased to 26 percent in 1937.

The leading suppliers of products in the remaining import groups in 1937, with their share of the totals, were: Cement, Germany, 83 percent; rubber manufactures, the United States, 79 percent; musical instruments, the United States, 78 percent; glass and glassware, Germany, 57 percent; and earthenware and china, Germany, 80 percent. The United States furnished more than four-fifths of the imports of powder and explosives in 1937, about two-thirds of the leaf tobacco, and more than one-half of all furniture and other manufactures of wood. Lumber in 1937 came almost entirely from Guatemala and the United States.

United States Trade with El Salvador

The economy of El Salvador and the commercial and financial transactions between the United States and that country are dependent principally upon the output of, and the market for, Salvadoran coffee. Low prices have greatly reduced the value of coffee in recent years, but an increased volume of exports has helped sustain Salvadoran purchasing power as compared with that of other leading coffee-exporting countries.

The most notable recent development in the trade in coffee has been the greatly increased quantity of Salvadoran coffee marketed in the United States. Since 1932 the United States has become by far the largest market for Salvadoran exports of coffee and El Salvador has risen from sixth place as a source of United States imports of this product (1932) to third place in every year since 1934.

Trend of United States-Salvadoran trade.

For the last 15 years, the trend of United States imports from El Salvador has been irregular, chiefly because of the marked year-to-year fluctuations in the price and volume of Salvadoran coffee marketed in the United States. In the 5-year period 1924-28, the value of total United States imports from El Salvador averaged 3 million dollars, but declined thereafter to a low of 1.1 million dollars in 1932. Subsequently, because of increased sales of Salvadoran coffee in the United States, total imports rose to a peak of 8.6 million dollars in 1937, exceeding those in all years since 1920. Although imports have been lower in value since 1937, they have been

larger than in many earlier years. In the first 12 months of the European war, imports were slightly smaller than in the preceding 12 months. El Salvador's share in United States imports from Latin America as a whole has been much greater since 1933 than in preceding years (see table 8).

Imports from El Salvador in recent years have greatly exceeded those in predepression years, but United States exports to that country, reflecting chiefly the fluctuations in Salvadoran purchasing power, have been much smaller since 1930 than in earlier years (see table 8). In the 5 years 1924-28, United States exports to El Salvador averaged 7.9 million dollars annually; they then declined to a low of 2.3 million in 1932. Although they recovered appreciably thereafter, reaching 4.7 million dollars in 1940, they were materially smaller in that year than before 1930. In the 12 months following the outbreak of the European war, exports amounted to 5.1 million dollars, exceeding those of the preceding 12 months by 41 percent, or somewhat less than the increase in exports to Latin America as a whole.

Table 8. - United States imports from and exports to El Salvador,
1924-40, and the 12-month periods September-August 1938-39
and 1939-40

(Value in thousands of dollars)					
Year	General imports		Exports (incl. reexports)		
	: Percent of total:		: Percent of total		
	: United States		: United States		
	: Value	: imports from	: Value	: exports to	
	:	: Latin America	:	: Latin America	
1924 -----	: 3,912 :	0.38	: 6,492 :	0.88	
1925 -----	: 2,323 :	.23	: 9,194 :	1.10	
1926 -----	: 4,237 :	.41	: 9,557 :	1.10	
1927 -----	: 1,545 :	.16	: 6,869 :	.85	
1928 -----	: 3,201 :	.34	: 7,591 :	.91	
1929 -----	: 3,830 :	.38	: 8,050 :	.88	
1930 -----	: 2,875 :	.42	: 4,457 :	.71	
1931 -----	: 2,231 :	.47	: 3,483 :	1.10	
1932 -----	: 1,143 :	.35	: 2,289 :	1.20	
1933 -----	: 2,108 :	.67	: 2,320 :	1.10	
1934 -----	: 2,539 :	.68	: 3,130 :	1.02	
1935 -----	: 4,934 :	1.10	: 2,831 :	.82	
1936 -----	: 5,021 :	1.00	: 2,794 :	.71	
1937 -----	: 8,563 :	1.30	: 3,628 :	.63	
1938 -----	: 5,672 :	1.30	: 3,526 :	.71	
1939 -----	: 6,957 :	1.30	: 4,172 :	.73	
1940 ^{1/} -----	: 7,038 :	1.10	: 4,681 :	.64	
12 mos. Sept.-Aug. ^{1/} -----	: :	:	: :	:	
1938-39 -----	: 7,199 :	1.50	: 3,625 :	.74	
1939-40 -----	: 6,858 :	1.10	: 5,092 :	.69	
Percent change -----	: -4.7 :		: +40.5 :		

^{1/} Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

United States imports from El Salvador.

Coffee. - Approximately 98 percent of the value of all United States imports from El Salvador consists of coffee; the remainder is in large part henequen and balsam of Peru (see table 9).

The United States market for Salvadoran coffee has expanded greatly since 1932. In the 3 years 1937-39, the quantity imported averaged 81.6 million pounds annually, and was several times larger than that imported in the earlier years of the decade 1929-38. The value of imports also increased, but less rapidly than the quantity because of declining prices. The unit value of imports of coffee from El Salvador averaged 20.7 cents per pound in 1929, then dropped to 9.7 cents in 1932, and averaged 8.5 cents in the 3-year period 1937-39. Coffee from El Salvador is of the "mild" variety, and its average price is appreciably higher than that of imports from a number of other countries. Because of the marked increase in shipments of coffee from El Salvador, that country has greatly increased its share in total United States imports of that product. In 1929 El Salvador accounted for 1.1 percent of the total quantity imported, and in 1932 for but 0.8 percent; by 1937 the share had risen to 5.6 percent, and in the 3-year period 1937-39 it averaged 4.3 percent.^{1/}

^{1/} Under the Inter-American Coffee Agreement, effective for 3 years beginning Oct. 1, 1940, basic annual quotas were adopted for apportioning the United States and world markets for coffee. United States imports of coffee were limited to a maximum of about 2.1 billion pounds (15.9 million bags of 60 kilos), of which the quota for El Salvador was 79.4 million pounds, or slightly more than the amount imported therefrom in 1939. On June 1, 1941, the Salvadoran quota was increased to 80.7 million pounds by the Inter-American Coffee Board.

The increased consumption of Salvadoran coffee in the United States may be attributed to a number of factors, but principally to the improved marketing methods of Salvadoran producers and exporters. While total consumption of all coffee in the United States has risen, the greater increase has been in the "mild" types coming from Central America, Colombia, and Venezuela, as contrasted with the "strong" varieties which make up most of United States imports. El Salvador has become the second most important supplier of "mild" coffee (used chiefly for blending purposes), being exceeded only by Colombia.

Dutiable status of imports. - Only a small part of United States imports from El Salvador are dutiable, inasmuch as coffee, the main import, enters free of duty. In the trade agreement with El Salvador, effective May 31, 1937, the duties on balsam of Peru (natural, unpounded, and not containing alcohol), prepared guavas, n.s.p.f., ¹/_{and} on mango and guava pastes, were bound against increase at the rates to which they had been reduced in agreements with other Latin American countries. The duty on honey, which had been reduced to 2 cents per pound in the trade agreement with Guatemala (June 15, 1936), and then bound against increase in the agreement with El Salvador, was further reduced to 1½ cents per pound in the second Canadian agreement, effective January 1, 1939. The duty-free status of several other articles was bound in the agreement with El Salvador.

Table 9. - United States imports for consumption from El Salvador of principal commodities, in specified years, 1929 to 1939

Commodity	1929	1932	1936	1937	1938	1939 ^{1/}
	Unit	Quantity				
Coffee, raw or green	1,000 pounds	16,397	11,324	57,726	94,422	71,266
Balsam of Peru, crude, not containing alcohol	1,000 pounds	37	39	73	55	77
Henequen, unmanufactured	Tons	965	393	857	682	120
	Tariff status	Value (1,000 dollars)				
Coffee, raw or green	Free	3,407	1,077	4,806	8,378	5,550
Balsam of Peru, crude, not containing alcohol	Dutiable	52	26	55	42	43
Henequen, unmanufactured	Free	174	23	110	81	12
Imports of commodities shown above		2/3,633	1,126	4,971	8,501	5,605
Total imports from El Salvador		2/3,830	1,143	5,026	8,548	5,673
Principal imports (shown above) as percent of total value		94.9	98.5	98.9	99.5	98.8

^{1/} Preliminary.^{2/} General imports.

Source: Compiled from official statistics of the U. S. Department of Commerce.

United States exports to El Salvador.

Merchandise exports to El Salvador, valued at 4.2 million dollars in 1939, are highly diversified, and consist mainly of manufactures or semimanufactures. These are in large part consumers' goods, or semimanufactures used in the making of consumers' goods. El Salvador is largely an agricultural country, and though small fabricating enterprises are fairly numerous and are increasing, that country remains largely dependent upon foreign sources, chiefly the United States, for its requirements of many manufactured products.

The principal groups of exports to El Salvador in 1939 were textile fibers and manufactures, 28 percent; and machinery and vehicles, 19 percent (see table 10). The outstanding exports of individual products to El Salvador are cotton cloth (bleached and unbleached), passenger cars, wheat, upper leather, and gasoline. Exports of a few of these products have deviated from the declining trend of total exports. Exports of wheat have increased and those of wheat flour have declined as El Salvador has increased its milling facilities. Recent shipments of cotton yarn have been small, and exports of cotton cloth (bleached and unbleached) have been lower in value than before the depression. Although total exports to El Salvador have recovered to only one-half of their predepression level, the value of recent exports of leaf tobacco, silk hosiery, newsprint, radio receiving sets, motor trucks, and a number of pharmaceuticals has been appreciably larger than in 1929 (see table 11).

Table 10. - United States exports (domestic merchandise)
to El Salvador, by groups of commodities,
in 1938 and 1939

(In thousands of dollars)		
Groups of commodities	1938	1939 ^{1/}
Animals and animal products, edible, total -----	32	30
Animals and animal products, inedible, total -----	187	186
Vegetable food products and beverages, total -----	380	382
Vegetable products, inedible, except fibers and wood, total -----	122	135
Textile fibers and manufactures, total -----	793	1,176
Cotton manufactures -----	648	945
Wood and paper, total -----	108	139
Nonmetallic minerals, total -----	299	333
Petroleum and products -----	265	274
Metals and manufactures, except machinery and vehicles, total -----	276	346
Machinery and vehicles, total -----	797	792
Electrical machinery and apparatus -----	201	183
Industrial machinery -----	149	132
Automobiles, parts, and accessories -----	296	354
Other machinery and vehicles -----	151	123
Chemicals and related products, total -----	302	370
Miscellaneous -----	208	249
Total exports -----	3,504	4,138

^{1/} Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Table 11. - United States exports (domestic merchandise) to El Salvador of principal commodities, in specified years, 1929 to 1939

Commodity	Unit of quantity	(Value in thousands of dollars)									
		1929	1932	1936	1937	1938	1939	1939	1939	1939	1939
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Upper leather, including patent	1,000 sq. ft.	1,730	404	1,032	137	339	52	581	114	1,047	164
Wheat	1,000 bushels	714	106	2/	107	182	204	210	170	269	189
Wheat flour, wholly of United States wheat	1,000 barrels	3/137	3/775	2/83	2/284	19	83	25	120	92	61
Canned fruits for salads	1,000 lbs.	5	1	6	1	5	1	165	19	2	13
Automobile casings	1,000 casings	4	60	2	20	3	42	5	68	4	59
Tobacco leaf	1,000 lbs.	18	5	8	2	46	13	63	22	62	23
Cotton yarn:											
Carded, not combed	1,000 lbs.	363	128	396	72	4	1	8	2	63	16
Combed, mercurized and not mercurized	do.	271	107	25	12	18	11	23	14	20	12
Cotton cloth, unbleached (gray):											
Drills, twills, and warp satens	1,000 sq. yds.	531	56	73	5	856	80	205	26	467	38
Sheetings, unbleached, gray	do.	6,566	564	7,348	290	4,961	304	247	162	5,678	313
Miscellaneous, unbleached	do.	141	13	20	1	498	36	174	12	509	32
Cotton cloth, bleached, dyed, printed and colored	do.	4,972	679	4,714	357	1,582	142	1,042	106	2,009	182
Cotton bags	1,000 lbs.	1	2/	2	1	35	12	59	21	45	11
Silk hosiery, women's full-fashioned	1,000 dos. prs.	2	20	1	7	2	12	3	19	4	23
Printing paper, newsprint	1,000 lbs.	644	23	89	3	69	2	895	24	667	20
Gasoline and other petroleum motor fuel	1,000 bbls.	4/75	4/317	4/5	4/19	18	56	33	99	32	94
Illuminating oil (kerosene)	do.	1	6	2	11	1	9	3	18	2	11
Gas oil and distillate fuel oil	do.	205	177	2/	2/	11	15	12	13	21	2
Residual fuel oil	do.			47	42	187	159	74	66	54	49
Lubricating oil	do.	2	38	2	21	2	29	3	32	3	37
Paraffin wax	1,000 lbs.	1,299	71	961	34	555	22	953	59	490	18
Petroleum asphalt:											
Unmanufactured	Tons	440	10	402	7	1,764	27	500	6	1	5/
Manufactured	do.							1,118	21	1,698	25
Iron sheets, galvanized	1,000 lbs.	2,261	99	1	2/	1	2/	11	2/	5	2/
Steel sheets, galvanized	do.			419	13	714	24	969	43	460	21
Copper wire (bare)	do.	104	33	3	2/	77	10	38	6	152	20
Flashlight batteries	1,000 cells	428	27	424	18	644	23	648	23	620	22
Electric household refrigerators	Number	5/	5/	29	4	150	15	398	40	265	28

See footnotes at end of table.

Table 11. - United States exports (domestic merchandise) to El Salvador of principal commodities, in specified years, 1929 to 1939—continued

Commodity	Unit of quantity	(Value in thousands of dollars)									
		1929	1932	1936	1937	1938	1939	1939	1939	1939	1939
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Radio receiving sets	Number	40	3	831	35	679	29	1,719	60	822	30
Cotton carding and other preparing, spinning, and twisting machinery and parts	-	-	5/	-	2	-	2	-	28	-	6
Sugar-mill machinery	-	-	35	-	3	-	7	-	25	-	4
Miscellaneous industrial machinery and parts, 6/	-	-	-	-	-	-	-	-	-	-	-
n.e.s.	-	-	84	-	13	-	15	-	12	-	19
Cash registers, new and rebuilt	Number	50	23	6	4	3	2/	5	1	18	34
Typewriters, standard, portable and rebuilt	Number	588	31	80	3	273	13	367	23	340	17
Typesetting machines	Number	3	10	-	-	-	1	3	6	3	20
Motor trucks, busses, and chassis	Number	7/34	7/55	4	2	32	28	96	81	70	59
Passenger cars and chassis	Number	7/244	7/283	10	8	219	153	365	266	236	184
Automobile parts for replacement, n.e.s.	-	-	72	-	14	-	34	-	62	-	48
Tablets, pills, capsules, powders, ointments, and similar manufactures	-	-	5/	-	16	-	11	-	19	-	28
Tonics, blood purifiers, emulsions, and appetizers	-	-	34	-	13	-	17	-	23	-	26
Laxatives, purgatives, and cathartics	-	-	5/	-	9	-	15	-	15	-	24
Soap, toilet or fancy	1,000 lbs.	14	8	17	5	67	12	73	15	96	19
Dental creams	do.	8	9	9	10	12	13	16	16	18	20
Metallic cartridges	Thousands	8/54	32	2,204	50	603	6	1,693	17	1,984	29
Miscellaneous printed matter 6/	-	-	11	-	8	-	7	-	20	-	25
Exports of commodities shown above	-	4,409	1,556	1,692	2,030	2,086	2,254				
Total exports to El Salvador	-	7,983	2,269	2,769	3,593	3,504	4,138				
Principal exports (shown above) as percent of total value	-	55.2	68.6	59.7	56.5	59.5	54.5				

1/ Preliminary.

2/ Not over 500.

3/ May include flour other than wholly of United States wheat.

4/ Includes naphtha and other finished light products.

5/ No comparable data.

6/ Data not strictly comparable for the series.

7/ Probably includes some second-hand articles.

8/ Shown in 1,000 pounds.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Balance of payments between the United States and El Salvador.

By far the largest volume of financial transactions between the United States and El Salvador arises from the merchandise trade (see table 12). Until 1935 the value of merchandise exports to El Salvador customarily exceeded that of imports therefrom. Principally because of the marked increase in imports of coffee, the value of imports has considerably exceeded that of exports in every year since 1934. The debit balance on merchandise account is further increased by imports of gold from El Salvador, amounting to 0.5 million dollars annually in recent years. Gold, the second largest import from that country, should be considered as part of the merchandise trade, inasmuch as it is the product of Salvadoran mines and does not represent the movement of monetary reserves.

One of the largest credit items in the balance of payments with El Salvador consists of interest, bond-redemption, and sinking-fund receipts arising from Salvadoran dollar bonds held in the United States. The dollar debt of El Salvador is composed of two issues of the Republic, totaling 11.8 million dollars, of which estimated holdings in the United States amounted to 4.1 million dollars at the end of 1938.^{1/} Although the bonds have been in default since 1932, partial payments were made for a time under the terms of a temporary debt service plan adopted in May 1933, and subsequently under the debt readjustment plan of April 1936. In November 1937 the Salvadoran Government reduced the export tax on coffee by 67 percent for the

^{1/} U. S. Department of Commerce, The Balance of International Payments of the United States in 1938, appendix D, p. 90.

purpose of aiding the coffee growers who had been seriously affected by the decline in the price of coffee at that time. Because of the substantial loss in government revenue, El Salvador declared a moratorium, and service on the foreign debt, which is secured by a lien on 70 percent of the country's customs revenues, was temporarily suspended, effective January 1, 1938.

On the basis of the statistics shown in table 12, the United States in most recent years has had an appreciable net debit balance in its financial transactions with El Salvador. Statistics are not available, however, to show the income from direct investments (credit) or the new investment of United States capital (debit) in El Salvador. The movement of capital into that country has probably not been large in recent years, but the return on United States direct investments there, which were valued at 17.2 million dollars at the end of 1936,^{1/} may have been substantial compared with other items in the balance of payments. A part of the value of imports from El Salvador represents such income, inasmuch as some United States enterprises operating in El Salvador produce for export, principally to the United States. The income on their investment is thus obtained in dollars through the sale of their products in this market.

^{1/} U. S. Department of Commerce, American Direct Investments in Foreign Countries - 1936, table 4, p. 12.

Table 12. - Partial balance of payments between the United States and El Salvador, 1929-38

53

Note: Net credit balances for the United States are indicated by +; net debit balances by -.

(In millions of dollars)													
	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938			
Trade and service items:													
Merchandise exports to El Salvador ^{1/}	8.1	4.5	3.5	2.3	2.3	3.1	2.8	2.8	3.6	3.5			
Merchandise imports from El Salvador ^{1/}	3.8	2.9	2.2	1.1	2.1	2.5	4.9	5.0	8.6	5.7			
Net merchandise exports to (+) or imports from (-) El Salvador	+4.3	+1.6	+1.3	+1.2	+2	+6	-2.1	-2.2	-5.0	-2.2			
Receipts from El Salvador for shipping services ^{2/}	.2	.2	.2	.1	-	.1	.1	-	.1	.1			
Expenditures of Salvadoran travelers in U.S. ^{2/}	.2	.2	.1	.1	.1	.1	.1	.1	.1	.1			
Interest receipts from El Salvador	.4	.4	.4	.3	.3	.3	.2	.3	.2	2/1			
Net receipts from El Salvador for services ^{4/}	+8	+8	+7	+5	+4	+5	+4	+4	+4	+3			
Net receipts from (+) or payments to (-) El Salvador on trade and service account ^{4/}	+5.1	+2.4	+2.0	+1.7	+6	+1.1	-1.7	-1.8	-4.6	-1.9			
Gold and silver:													
Net gold imports from (-) or exports to (+) El Salvador	+1.1	-5	-	-2	-1	-3	-4	-5	-5	-4			
Capital items:													
Bond-redemption and sinking-fund receipts from El Salvador ^{5/}	-	+1.5	+5	+1	-	-	-	+1	+1	-			
Net balance on items shown ^{6/}	+6.2	+3.4	+2.5	+1.6	+5	+8	-2.1	-2.2	-5.0	-2.3			

^{1/} United States statistics, unadjusted. ^{2/} Rough estimates. ^{3/} Allowance made for repurchases of Salvadoran dollar bonds by foreigners. ^{4/} Excluding return on U. S. direct investments in El Salvador. ^{5/} Bond-redemption receipts adjusted for repurchases by foreigners in all years; sinking-fund receipts in 1938 only. ^{6/} Exclusive of return on direct investments (receipts) and new investments (payments) in El Salvador.

Source: Especially prepared for this report by the Finance Division, Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce.

FEB 12 1944

